

**Wednesday, October 19, 2011**

The Board met at the State Capitol, 10th & L Streets, Sacramento, at 10:02 a.m., with Mr. Horton, Chairman, Ms. Steel, Vice Chairwoman, Ms. Yee and Mr. Runner present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

### **ANNUAL BOARD MEETING WITH COUNTY ASSESSORS**

Mr. Horton opened the annual meeting of the Board and county assessors required under section 15607 of the Government Code to discuss administrative issues related to assessment and taxation laws and to promote uniformity in tax procedural matters throughout the State. Mr. Horton welcomed the county assessors to the meeting on behalf of the Board.

#### **Greetings and Introductory Remarks by each Board Member**

Mr. Horton thanked Ms. Yee for reaching out to the county assessors in recent years reuniting them in a cooperative way, with the Members of the Board to find solutions that will benefit the State of California.

Ms. Yee made favorable remarks regarding the CAA's leadership and good working relationship with the Board and its staff. Ms. Yee applauded the county assessors for their diligence in addressing the workload associated with activity in the housing market, for being responsive and proactive towards property owners, and working through Proposition 8 petitions. Ms. Yee identified the following challenging issues of state-wide concern: alternative energy property assessment, matters related to tribal communities, and increased workload associated with county assessment.

Ms. Steel named the county assessors in her district and thanked all the county assessors for the good work that they do. Ms. Steel discussed her strong opposition to the recently enacted fire prevention fee and her support for Proposition 13. Ms. Steel stated that she has been working very closely with the county assessors in her district and invited them to contact her any time.

Mr. Runner welcomed the county assessors, and acknowledged those in his district. Mr. Runner stated that he appreciates the opportunity to discuss some of the issues that are important to the roles of the county assessors and the BOE. Mr. Runner thanked BOE's property tax staff for helping to put together this event and thanked Mr. Horton for his input toward a different meeting format. Mr. Runner stated that he is committed to ensuring that taxpayers are treated fairly with respect to every level of government. Mr. Runner stated that he admires the county assessors' true desire to be good and fair administrators of tax policy for their citizens and that the Board wants to continue to be of help and aid to the county assessors in that process.

Ms. Mandel conveyed greetings from State Controller John Chiang. Ms. Mandel reiterated the importance of providing information regarding issues before the Board in advance of the Board Meetings to ensure timely review of the information.

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**Opening Remarks by California Assessors' Association**

Honorable Douglas W. Wacker, President, California Assessors' Association (CAA), stated that it has been a pleasure working with the Board Members and BOE staff in the past year as President of the CAA. Mr. Wacker also stated that Board staff has been very supportive and professional with the county assessors and their staffs to promote fair and equitable assessments; and, that he hopes to continue the good relationship in the coming year to resolve new issues.

Honorable Tom J. Bordonaro, Jr., President-Elect, CAA, thanked the Board for this meeting and acknowledged the following staff: David Gau, Deputy Director, Property and Special Taxes Department; Dean Kinnee, Chief, County Assessed Properties Division, Property and Special Taxes Department; Lisa Thompson, Principal Property Appraiser, County Assessed Properties Division, Property and Special Taxes Department; and, staff of the Legal Department. Mr. Bordonaro stated that he hopes some agreement can reach in the coming year regarding Property Tax Rule 462.040, *Change in Ownership–Joint Tenancies*.

Mr. Horton thanked everyone for attending and encouraged their active participation in the meeting.

**Panel Discussion on Split Roll Implications and Considerations**

Mr. Runner made opening remarks regarding split roll implications and considerations, and introduced the panelists listed below. A "split roll" means changing the law for the assessment of one or more categories of non-residential property on the local assessment roll so that they would not be subject to the "acquisition value" system established by Proposition 13, or would trigger more frequent changes in ownership. This discussion focused on the implications and considerations of changing the California property tax system ([Exhibit 10.1](#)).

Panelists: Jim Bickhart, Associate Director, Los Angeles Mayor's Office  
Rex Hime, President and CEO, California Business Properties Association  
Bill Harris, Manager Property Taxes, Intel Corporation ([Exhibit 10.2](#))  
Lenny Goldberg, Executive Director, California Tax Reform Association  
Honorable Dan Goodwin, MAI, Ventura County Assessor

Speakers: David R. Doerr, Chief Tax Consultant, California Taxpayers' Association  
Jennifer Bestor, Parent, Native California Resident, and Amateur Property Tax Researcher ([Exhibit 10.3](#))  
David Wolfe, Legislative Director, Howard Jarvis Taxpayers' Association  
Phil Ting, San Francisco City and County Assessor Recorder

Exhibits to these minutes are incorporated by reference.

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Ms. Yee commented on the responsibility of the Board and county assessors regarding the issue with regard to informed public discussion and the need to resolve conflicting data, studies, and definitional issues. Ms. Yee requested the Research and Statistics Division staff to work with interested parties and county assessors to reconcile discrepancies discussed regarding the data in order to support any potential revenue estimates or economic impact data with confidence that might be issued by the Board.

The Board recessed at 11:27 a.m. and reconvened at 11:31 a.m. with Mr. Horton, Ms. Steel, Ms. Yee, Mr. Runner and Ms. Mandel present.

### **Panel Discussion on Assessment of Embedded Software**

Mr. Runner made opening remarks regarding the assessment of embedded software, and introduced the panelists listed below. Computer software does not reside only in the stand-alone multi-purpose machines commonly used at home and business. Software is also "embedded" in a multitude of machinery and equipment. This discussion focused on the problems with the assessment of embedded software and the possible solutions ([Exhibit 10.4](#)).

Panelists: Peter Michaels, Attorney at Law, Law Office of Peter Michaels  
Thomas R. Parker, Colusa County Counsel  
Joseph A. Vinatieri, Attorney at Law, Bewley, Lassleben & Miller  
Honorable Lawrence E. Stone, Santa Clara County Assessor

Speakers: David R. Doerr, Chief Tax Consultant, California Taxpayers' Association  
Jason Chao, Senior Manager, Ernst and Young

The Board directed staff to begin the interested parties process to explore the process of determining percentages regarding embedded software and referred the matter to both the Business Taxes Committee and the Property Tax Committee as a joint effort.

The Board adjourned at 12:23 p.m.

*The foregoing minutes are adopted by the Board on December 15, 2011.*